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**REPORT OF AUDIT
CIA Welfare Assistance Board**

**For the Period
1 September 1962 to 31 October 1963**

INTRODUCTION

1. The CIA Welfare Assistance Board (WAB) was established on 8 April 1955 by the Acting Director of CIA to administer an employee welfare fund to be used for emergency loans and other financial assistance to needy employees and for financing employee recreational activities. Funds for these purposes are donated by Government Services, Inc. (GSI) incident to its operation of CIA patronized cafeterias. The Board, which is chaired by the Director of Personnel, is composed of representatives from major components of the Agency. The Director of Personnel, as Chairman and Treasurer, has appointed an employee of the Benefits and Services Division as Executive Secretary/Assistant Treasurer to handle the day-to-day operations and maintain financial records.

SUMMARY OF FINANCIAL INFORMATION

2. During the audit period, WAB received donations from GSI of \$1,543.04, made 25 loans totaling \$3,349.00 and donated \$3,090.00 to the CIA Recreation Association. Twenty loans totaling \$1,121.50 were outstanding at 31 October 1963. The net worth decreased from \$6,304.04 on 31 August 1962 to \$4,874.97 on 31 October 1963. Further details are shown in Exhibits A and B attached.

SCOPE OF AUDIT

3. The audit was limited to an examination of the balance sheet of WAB as of 31 October 1963 and the related statement of income and expense for the period from 1 September 1962 to 31 October 1963. We determined that loans granted were properly approved; however, we did not examine loan case files or otherwise endeavor to evaluate the administration of WAB's programs either in terms of effectiveness or adherence to its stated purpose.

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AUDIT COMMENTS

4. In our opinion, the accompanying statements present fairly the financial position of WAB at 31 October 1963 and the results of its operations for the period from 1 September 1962 to 31 October 1963 on a basis consistent with that of the preceding audit period. Financial records and procedures were generally adequate. Considerable improvement was noted in the status of loans receivable and documentation in support of loans made during the period.

5. The status of loans receivable at 31 October 1963 is summarized as follows:

	<u>Number</u>	<u>Amount</u>
Current.....	7	\$ 511.00
Delinquent		
Written off in Dec. 1963...	8	417.06
Other.....	4	193.35
Residual balance.....	<u>1</u>	<u>.09</u>
Total.....	<u>20</u>	<u>\$1,121.50</u>

This represents considerable improvement in the loan status since the previous audit. Collections are being made or have been promised on the four loans classified as "Delinquent - Other." The residual balance should be adjusted.

6. As a part of our audit, on 20 November 1963 we sent confirmation requests to all 18 borrowers of record as of 31 October 1963. At the date of this report, 9 replies had been received and no exceptions were noted. If replies to the remaining 9 confirmations indicate any matters requiring further action, WAB will be advised.

7. Signature cards for persons currently authorized to make deposits and withdrawals have not been furnished to the Washington Permanent Savings and Loan Association. We recommend that this be done.

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Exhibit A

CIA Welfare Assistance Board

Balance Sheet
31 October 1963Assets

Cash on deposit

Northwest Federal Credit Union.....	\$2,879.20	
Washington Permanent Savings & Loan Association.....	a/ <u>874.27</u>	\$3,753.47
Loans receivable.....		<u>1,121.50</u>
Total assets.....		<u>\$4,874.97</u>

Net Worth

Welfare fund balance, 1 September 1962...	\$6,304.04	
DEDUCT: Excess of expense over income, 1 September 1962 - 31 October 1963 (Exhibit B).....	<u>(1,429.07)</u>	
Welfare fund balance, 31 October 1963.....		<u>\$4,874.97</u>
Total net worth.....		<u>\$4,874.97</u>

a/ Understated by \$18.12 representing dividends earned but not yet recorded by WAB.

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GROUP 1
Excluded from automatic
downgrading and
declassification

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Exhibit B

CIA Welfare Assistance Board
Statement of Income and Expense
1 September 1962 - 31 October 1963

Income

Donations from General Services, Inc.	\$1,543.04
Interest dividends.....	a/ 94.14
Contribution from GEHA.....	<u>23.75</u>
Total income.....	<u>1,660.93</u>

Expenses

Grants to CIA Recreation Association.....	<u>3,090.00</u>
Excess of expense over income.....	(<u>\$1,429.07</u>)

a/ Understated by \$18.12 representing dividends earned but not yet recorded by WAB.

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23 January 1964

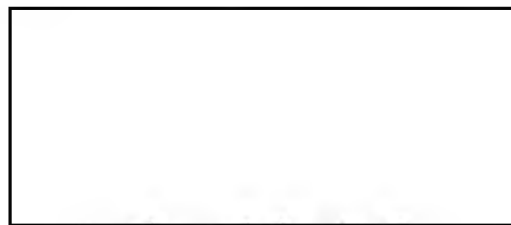
MEMORANDUM FOR: Director of Personnel

THROUGH : Deputy Director (Support)

SUBJECT : Report of Audit of CIA Welfare
Assistance Board
1 September 1962 - 31 October 1963

1. Attached is subject report. Please advise this office of the action taken on the recommendation contained in paragraph 7 of the report.

2. We wish to express our appreciation for the cooperation and assistance extended our representatives during the audit.



Chief, Audit Staff

25X1A

Attachment

Distribution:

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OFFICE OF PERSONNEL

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AUDIT STAFF REPORT OF AUDIT

This report presents the findings developed from an audit undertaken pursuant to Audit Staff responsibilities and authorities set forth in organization regulations. Unless otherwise indicated in the report, the audit included review and appraisal of internal controls and procedures and such other audit processes, test checks and verification of accounts, assets and transactions as were considered appropriate and consistent with generally accepted audit standards in the circumstances.

The objectives of the audit were to determine for management whether

- (1) Adequate controls and procedures have been established and are being applied effectively to safeguard organization resources and assure that resources are used only for approved and legal purposes, and
- (2) Activities are being conducted economically, efficiently and in conformance with policy determinations and directives.

CIA Welfare Assistance Board

For the period:

From 1 September 1962

Through 31 October 1963

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Chief, WH ☐ Division

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Date 23 January 1964

This report consists of 4 pages.

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